

1 Q. Please expand the schedule provided in IC 12 NLH to include the same  
2 information for the 2004 test year and the 2007 test year. Please also confirm  
3 if the 2004 and 2007 figures in the table are the ones Hydro refers to when it  
4 states that approximately 20% of the capital program is capitalized salaries  
5 (as at page 23 of the Finance and Accounting Evidence).

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8 A. Please see table below. On page 23 of the Finance and Accounting  
9 evidence Hydro makes reference to the \$8.4 million of Capitalized salaries  
10 and overhead (excluding capitalized overtime) which is 20% of the capital  
11 budget for 2007. The amount of labour in a given year will vary with the  
12 nature of the capital program, as well as the size of it. In years where there  
13 are proportionally more direct purchases of assets requiring little additional  
14 effort to put in service, labour capitalized will be lower, and vice versa.

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16 Capitalized overtime is budgeted based on known factors which will require  
17 overtime in relation to the capital program, i.e. restrictions related to outage  
18 windows etc. While additional overtime is typically incurred in completing the  
19 capital program, these increases in capitalized overtime over budgeted  
20 amounts do not have any net effect on operating expenditures.

21 (\$ thousands)

22

	Actual		Test Year	Actual		Test Year
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2004</u>	<u>2005</u>	<u>2007</u>
Salaries and Benefits	60,649	60,538	59,890	61,495	63,093	65,321
Overtime	3,910	3,953	2,869	3,656	4,400	2,789
Capitalized Overtime	<u>1,018</u>	<u>1,374</u>	<u>268</u>	<u>1,302</u>	<u>1,445</u>	<u>444</u>
Net Overtime	2,892	2,579	2,601	2,354	2,955	2,345
Capitalized Salaries	4,785	6,273	5,596	6,308	8,223	6,193
Capitalized Overhead	<u>2,313</u>	<u>1,847</u>	<u>1,240</u>	<u>1,419</u>	<u>2,091</u>	<u>2,160</u>
	7,098	8,120	6,836	7,727	10,314	8,353
Capital Expenditures	<u>40,217</u>	<u>32,506</u>	<u>34,465</u>	<u>27,984</u>	<u>33,952</u>	<u>41,798</u>